

**STATE OF MAINE
PUBLIC UTILITIES COMMISSION**

**BANGOR HYDRO-ELECTRIC COMPANY
Re: Request to Construct Transmission Line of
100 or More Kilovolts Between the Chester
Substation and the East Millinocket Substation**

**SECOND
STIPULATION**

Docket No. 2002-343

Bangor Hydro-Electric Company (BHE), the Office of the Public Advocate (OPA), Industrial Energy Consumer Group (IECG), Georgia Pacific Corporation (GP), Central Maine Power Company (CMP), and Maine Public Service Company (MPS), hereby agree and stipulate as follows:

I. PURPOSE

The purpose of this Second Stipulation is to authorize BHE, pursuant to 35-A M.R.S.A. §3132, to continue construction of a 115 kV transmission line between a new substation in Chester and a new substation near East Millinocket (the Proposed Line) in order to take advantage of favorable weather conditions and thereby reduce the environmental impact and cost of the construction of the Line. The provisions agreed to herein have been reached as a result of information gathered through discovery and discussions among the parties in this case.

II. PROCEDURAL BACKGROUND

On August 1, 2002, BHE formally requested, pursuant to 35-A M.R.S.A. §3132, a Certificate of Public Convenience and Necessity (CPCN) to construct the Proposed Line. By Procedural Order dated August 21, 2002, petitions to intervene of OPA, GP, IECG, CMP and MPS were granted.

On October 30, 2002, the Commission issued an Interim Order and Order Approving Stipulation authorizing BHE to commence construction of the Proposed Line pending a final decision on

whether to issue a CPCN. The Interim Order allowed BHE to proceed with construction of the Proposed Line while the ISO-NE System Impact Study (SIS) and related NEPOOL 18.4 approval for the Proposed Line were being processed. On January 29, 2003 ISO-NE issued its 18.4 approval.

The Interim Order established a spending cap of \$4.5 million and restricted the ability of BHE to recover the costs of the Proposed Line from ratepayers other than the customer who requested the transmission service from BHE. Construction of the Proposed Line commenced shortly after the Interim Order. On or about March 1, 2003, BHE expects to reach the \$4.5 million spending cap.

Some of the parties to this proceeding have recently indicated that they continue to have reservations about whether the Commission should issue the final CPCN for the Proposed Line. Specifically, concerns have been raised regarding the conditions attached to the January 29th NEPOOL 18.4 approval and, more generally, whether the Proposed Line meets the statutory criteria for issuance of the CPCN.

The Hearing Examiner has indicated that hearings will be held on these issues in March and it is expected that the Commission will finally resolve all the remaining issues in this proceeding shortly after the conclusion of the hearings.

In order to avoid any interruption in the ongoing construction of the Proposed Line, the parties enter into this Second Stipulation to allow construction of the Proposed Line to continue until April 30, 2003.

III. APPROVALS AND FINDINGS BY COMMISSION

Based upon the record in this case, the parties to this Second Stipulation agree and recommend that the Commission issue a Second Interim Order which approves, accepts and adopts this Second Stipulation, including the following provisions:

1. Authorization to Continue Construction. BHE may continue construction of the Proposed Line until April 30, 2003. Without further authorization from the Commission, BHE may not engage in any construction of the Proposed Line after April 30, 2003 or begin using the Proposed Line to serve customers.

2. Reaffirm Conditions of Prior Interim Order. Except to the extent they are inconsistent with explicit terms of this Second Stipulation, the parties hereby ratify, reaffirm and incorporate herein all of the conditions of their October 17, 2002 Stipulation as approved by the Commission in its October 30, 2002 Interim Order.

IV. PROCEDURAL STIPULATIONS

1. Staff Presentation of Stipulation. The parties to the Stipulation hereby waive any rights that they have under 5 M.R.S.A. ' 9062(4) and Section 742 of the Commission Rules of Practice and Procedure to the extent necessary to permit the Advisory Staff to discuss this Stipulation and the resolution of the issues addressed in this Stipulation with the Commissioners at the Commission=s scheduled deliberations, without providing to the parties an Examiners Report or the opportunity to file Exceptions.

2. Record. The record on which the parties enter into this Stipulation and on which the Commission may base its determination whether to accept and approve this Stipulation shall consist of (a) this Stipulation; (b) all documents and information provided in responses to written or oral data requests; and (c) the transcripts of any Technical Conferences and any other material furnished by the Advisory Staff to the Commission, either orally or in writing, to assist the Commission in deciding whether to accept and approve this Stipulation.

3. Non-Precedential Effect. This Stipulation shall not be considered legal precedent, nor shall it preclude a party from making any contention or exercising any rights, including the right of appeal, in any future Commission investigation or proceeding or any other trial or action.

4. Stipulation as Integrated Document. This Stipulation represents the full agreement between the parties to the Stipulation and rejection of any part of this Stipulation constitutes a rejection of the whole.

5. Incorporation of Attachments: All attachments referred to in this Stipulation are incorporated herein by reference and are intended to be considered as part of this Stipulation as if their terms were fully set forth in the body of this Stipulation.

6. Void if Rejected. If not accepted by the Commission in accordance with the provisions hereof, this Stipulation shall be void and of no further effect and shall not prejudice any position taken by any party before the Commission in this proceeding and shall not be admissible evidence therein or in any other proceeding before the Commission.

Respectfully submitted this 19th day of February, 2003.

Office of the Public Advocate

By: _____

Industrial Energy Consumers' Group and
Georgia Pacific

By: _____

Central Maine Power Company

By: _____

Maine Public Service Company

By: _____

Bangor Hydro-Electric Company

By: _____